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Message Text

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PAGE 01 MOSCOW 01939 090953Z

13/40
ACTION IO-14

INFO OCT-01 EUR-25 ISO-00 NEA-11 L-03 CIAE-00 INR-10

NSAE-00 RSC-01 TRSE-00 DRC-01 /066 W
---------- 113780
R 081529Z FEB 74
FM AMEMBASSY MOSCOW
TO USMISSION USUN
INFO SECSTATE WASHDC 6034

UNCLAS MOSCOW 1939

C O R R E C T E D C O P Y (CORRECT MRN TO READ 1939 VICE 6034)

E.O. 11652: N/A
TAGS: UN AORG UR AFSP
SUBJECT: SAUDI ARABIAN REAL ESTATE AND SALES TAX PROPOSAL

REF: USUN 247, STATE 018960

1. EMBASSY DOES NOT, TO ITS KNOWLEDGE, PAY ANY INDIRECT REAL ESTATE TAXES ON REAL ESTATE. USG OWNS NO REPEAT NO PROPERTY IN SOVIET UNION; TAXES WOULD THUS FALL MORE IN CATEGORY OF SURCHARGES ON SERVICES (SUCH AS UTILITIES) PROVIDED BY HOST GOVERNMENT. BECAUSE OF NATURE OF BILLING SYSTEM, HOWEVER, IT IS IMPOSSIBLE TO SEPARATE ACTUAL SERVICE CHARGES FROM ANY POSSIBLE TAXES.

2. EMBASSY IS REQUIRED TO PAY A 10 PER CENT QUOTE SERVICE CHARGE UNQUOTE ON ALL GOODS AND SERVICES PROCURED FROM LOCAL ECONOMY. ALL SUCH GOODS AND SERVICES MUST COME THROUGH A SOVIET AGENCY (ADMINISTRATION FOR SERVICE TO THE DIPLOMATIC CORPS) WHICH JUSTIFIES SERVICE CHARGE BY CONTENTION THAT MONIES THUS RECEIVED PAY FOR OPERATION OF AGENCY, WITHOUT WHICH DIP-
LOMATIC MISSIONS WOULD ENCOUNTER DIFFICULTY IN OPERATING WITHIN SOVIET ECONOMY. EMBASSY CONTENDS, ON OTHER HAND, THAT SERVICE CHARGE IS IN FACT A LEVY, SINCE EMBASSY HAS NO CHOICE BUT TO USE AGENCY SERVICES. (AGENCY IS ANY CASE SET UP PRIMARILY TO SERVE PURPOSES OF SOVIET GOVERNMENT, AND ONLY SECONDARILY
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TO SERVE NEEDS OF DIPLOMATIC MISSIONS; SIMILAR AGENCIES HAVE

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EXISTED SINCE MUSCOVITE TIMES TO QUOTE SERVICE UNQUOTE
FOREIGN ESTABLISHMENTS.) ROUGHLY ANALOGOUS SITUATION WOULD
BE TO CHARGE UN MISSIONS 10 PER CENT SERVICE CHARGE FOR
PRIVILEGE OF BUYING GASOLINE IN NEW YORK FILLING STATIONS,
TO ADD 10 PER CENT TO EACH BILL FOR SHIPMENT OF HOUSEHOLD
GOODS, ETC. SERVICE TAX IS THUS A SALES TAX IN ALL BUT
NAME.
DUBS

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
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Draft Date: 08 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MOSCOW01939
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740246/aaaabqrm.tel
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Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Review Comment: n/a
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Secure: OPEN
Status: NATIVE
Subject: SAUDI ARABIAN REAL ESTATE AND SALES TAX PROPOSAL
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